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ISBEE Newsletter

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International Society of Business, Economics, and Ethics

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Building peace

A number of episodes throughout the globe shows that peace seems to be an ethical value not in fashion nowadays. Our attitude can be a distant one, assuming that we are personally peaceful human beings. What then causes this tough situation? How can Business Ethics make a contribution to the world in this aspect?

Ethnic, politic and geopolitical conflicts are apparently the most common issues found in the media. The personal conduct is at times considered a mere circumstance, as if the key decisions were made by groups of irrational individuals.

. What can we, members of the International Society of Business, Economics, and Ethics, do to effectively contribute in the individual, organizational or macro arenas of Business Ethics?

The EBEN – European Business Ethics Network – took the initiative of starting a discussion with the European Parliament, as explained in the last issue of the ISBEE Newsletter. Other initiatives in countries or regions where our members act could also be thought in the macro level: influence on legislation, support to specific campaigns originated in the government or in NGOs. This Newsletter can be a vehicle of new ideas, of successful experiences that can eventually be applied elsewhere.

In several countries, in different ways, initiatives have risen and are extremely valid. More has to be done in this field though. In many developing countries Business Ethics is still considered a marketing differentiation tool used by large multinational companies that – after exploiting the local physical and human resources – requires justice, honesty and fair competition from the stakeholders. In others fundamental human rights are not respected in business. In all cases, it is the ISBEE's role to contribute to the creation of a new ethical mentality.

M. Cecilia Arruda
Vice-President of ISBEE

On the spot

Business Ethics in China: first steps

The Shanghai Academy of Social Sciences (SASS) is a leading research and academic institution in the humanities and social sciences.

It is the second largest research institution of its kind in China (next only to the Chinese Academy of Social Sciences).

Through the Academy's institutes and interdisciplinary research centers, SASS conducts theoretical research and applied studies in the humanities and social sciences, with a special focus on important issues arising from the construction of socialist modernization, the development of a socialist market economy and China's reform and opening up to the outside world. SASS contributes to the social and economic development of the country through its policy studies for government authorities and its consulting and training services for domestic and foreign organizations and companies.

Established in 1958, SASS has grown from the original five institutes on Philosophy, Economics, History, Politics and Law, and International Relations to 15 research institutes that conduct studies in economics, law, literature, history, philosophy, information science, journalism, sociology, religion, population, and interdisciplinary and regional research centers.

These institutions include the Center for Deng Xiaoping Theory, the Center for Reform and Opening-up, the Center for Market Economy, the Center for Spiritual Civilization, the Center for Cultural Development, the Center for International Publishing House, an Editorial Board on Social Sciences Publications, and the Editorial Office for Relations, and the Center for Business Ethics. In addition, SASS has a Library, a Graduate School, a the Shanghai Economy Yearbook.

The Academy publishes 23 periodicals, two newspapers, and two yearbooks each year. SASS plays an active role in promoting academic and professional exchanges through the SASS Association of External Academics (AEAE) and long-term exchange agreements with over 20 universities and institutions in the United Stares, Russia, United Kingdom, France, Germany, the Netherlands, Australia, Republic of Korea, and China's Taiwan and Macau. The current President of SASS is Professor Yin Jizuo.

The Center for Business Ethics of SASS was established in 1999 and aims at contributing to the development of business ethics in China. Its members are from philosophy, law, sociology, economics as well as from the business world and local government. It has organized several research meetings and its first conference on Business Ethics and Economic Reforms in China with participants from business, academia, and the media. It also publishes a book series on business ethics.

Specially Invited Research Fellows of the Center are Georges Enderle, Daryl Koehn, and Gerhold Becker.

(Source: Xiaohe Lu, Presentation of the International Conference on Developing Business Ethics in China)

The **Macau Association of Business Ethics** was founded in January 2002 by Dr. Stephan Rothlin and eight other founding members. The mission of the Association is to promote prosperity and sustained economic development in all of China through the emergence of a business culture that emphasizes ethical business practices.

The Association is made up of four regional projects: Business Ethics in China, Business Ethics in Hong Kong, Business Ethics in Taiwan, and Business Ethics in Macau.

The primary aim of the Association is to educate and to inspire. Business organizations and individual decision makers can learn to see how their policies and practices affect the entire business climate and can be inspired to work toward constantly improving business practices through ethical improvements in their own companies.

The activities of Macau Association of Business Ethics include business ethics training and education, all manner of publicizing the benefits of good business ethics, hosting of lectures and conferences, and translation and publication of business ethics materials.

Business Ethics in China (BEIC) activities include translation and publication of business ethics texts, hosting of guest lectures, and business outreach. In March, BEIC published a Chinese translation of *Business Ethics* by Richard T. De George and in July will publish a translation of *Ethics in Finance* by John Boatright. Later in the year, a translation of *International Business Ethics* edited by Georges Enderle will be completed and published.

BEIC has been hosting business ethics guest Lectures in conjunction with Peking University and People's University in Beijing since early 2001. The lecturers have included Barbara Krug (Erasmus University), Wu Jiahuang (former head of China's WTO negotiating team), Georges Enderle (Notre Dame), Bruno Frey (Zurich University), Gerhold Becker (Hong Kong Baptist University), Dominic Tyl (Fujen University), and Andrew So (former Ombudsman of Hong Kong).

BEIC business outreach activities include an introduction to business ethics offered to several managers and companies and an introductory business ethics training seminar held for the Hong Kong Chamber of Commerce in China. In December, BEIC will co-host Ms. Anson Chan, the former Chief Administrator of Hong Kong, to offer a lecture in Beijing entitled "Business Ethics Values: Inspiring a Prosperous Business Climate."

Business Ethics in Macau (BEIM) has also been very active and has co-hosted a business luncheon for over 140 business leaders in addition to holding a business ethics information session held in cooperation with the Inter-University Institute of Macau. BEIM is preparing for the Association's first annual business ethics training seminar to be held in Macau in October. Attendees of the training seminar will come from all four regional projects and this year will include twenty graduate students in business administration and finance from the Mainland. The seminar will include training in writing, implementing, and enforcing ethical codes in business organizations.

The Macau Association of Business Ethics would like to invite any of ISBEE members who are interested in business ethics in China to contact Brent Johnson at beic@netchina.com.cn

Source: Brent Johnson, MABE, 2002.

Interview *with* ***Henk van Luijk***

ISBEE - When did you start your activity as a Business Ethics consultant? How long had you studied Business Ethics before going into this new field?

Van Luijk - I started working explicitly in business ethics from 1983 onward when I was appointed professor of business ethics at Nyenrode University, The Netherlands Business School. Since 1962 I had been teaching various parts of philosophy, and (social) ethics since 1976 at different Dutch universities. Activities as a Business Ethics consultant started gradually since about 1988, when I was asked to give talks to companies, governmental agencies or branch organisations on corporate social responsibility or specific subjects like social and ethical investment or compliance strategies, and subsequently the organisation wanted me to assist them in designing an ethical code or setting up an ethical training program. But working as a consultant - next to teaching and doing research - became a more substantial part of my work since 1994, when EIBE, the European Institute for Business Ethics at Nyenrode University was established, of which I was the first director.

ISBEE - What activities would you consider the most common in Business Ethics consultancy?

Van Luijk - Acting as advisor or supervisor in the development of a code (company, branch, professional, or administrative body) proves to be a rather direct way of consulting, but also developing and providing a (taylor-made) training program in moral competence, or supervising the process of implementing and monitoring the code once it has been introduced.

ISBEE - For consultancy in Business Ethics, who should have the initiative: the organizations that need Ethics programs or the consultants that suggest activities aiming awareness about Business Ethics?

Van Luijk - For the consulting process to be fruitful and effective, the initiative should be with the organisation, especially when expertise is asked in drawing and implementing a code, or setting up and providing training programs. But lecturing and writing on the subject of business ethics can also be part of, or the start of, a consulting process. Since three years I write every fortnight a 800-words column in the Dutch Financial Times (Het Financieele Dagblad) on corporate social responsibility and related subjects. It yields far more invitations than I am able and willing to accept.

ISBEE - What would be the trends in Business Ethics in the coming years: consulting, training or teaching? What do you think is more effective?

Van Luijk - Difficult to rank, all three are necessary. But in all this, priority should be given to basic research in the field, to prevent ethics consulting to be reduced rapidly into a management consultants' gadget. Frankly, I do not know about trends. I see the teaching making progress in solidity and amplitude, the training often remaining superficial and incompetent - not blaming the good ones, of course -, the consulting being of very diverse orientation and quality, and the research seriously lagging behind. I am not confident, that is, that, without explicit initiatives and interventions, 'trends' will bring us automatically at the right places...

ISBEE - Considering that you were in the first generation of Business Ethics consultants in the world, what do you think is the best preparation for professionals that want to dedicate to this activity?

Van Luijk - I was lucky to be able to earn a B.A. in psychology and in sociology, a Masters in philosophy and in theology, and a doctor's degree at the intersection of theology and philosophy. I am deeply convinced that the best preparation, and even an indispensable condition, is thorough knowledge of, if not a degree in, ethics, to assure that the consultant is able to transmit feeling for and competence in normative questions. Teaching experience, especially with executives, is vital. Affinity with the business world, and expertise in organisational processes are needed too, and have to be maintained constantly, but that counts for all forms of management consulting.

ISBEE - Could you briefly describe your methodology of Business Ethics Consultancy? Would it apply to any sort of organizations?

Van Luijk - In contributing to the development of a code I strongly emphasize the process of determining the basic values and the 'pattern of responsibilities' of the organisation: which are the three or four basic values the organisation is prepared to be held accountable for, and why. And with regard to which individuals and groups does the organisation accept which responsabilities? I consider this to be the main part of the code. Specific action guidelines, do's and don'ts, are of a secondary nature. For ethics programmes, we, at EIBE, have developed a module for 'dilemma training', varying from a half day to two full days, in which twelve to twenty participants are helped in improving their moral sensibility and competence, by discussing, with the help of a seven-steps-model, professional dilemmas they bring in themselves, against the background conviction that, in every organisation, 'integrity' equals 'professional responsibility'. Participants are also trained in setting up sessions of mutual moral consultation, and in registering possibilities and obstacles for decent moral behaviour in the structure and culture of their organisation. The overall tone is one that promotes a balance between compliance and integrity strategies in ethical management, to use Lynn Paine's terminology that is well received in Western European corporate and organisational settings. Personally I am not regularly involved in developing 'Key Performance Indicators' for monitoring the moral progress of an organisation. But what I always decline is a request of an organisation saying: 'We have a serious problem. We intend to solve it in a certain way, but we are not sure it is a morally acceptable solution. Would you tell us whether it is?' I can analyse the moral implications of the case, maybe I can give them insight in current opinions, I even may be able to show alternatives than they have not yet considered, but the decision is up to them to take. I have experienced several times that, when you make this clear to them, they unhook, and go searching for somebody else.

ISBEE - You probably found some resistance on the business leaders' side, when you started your Business Ethics consultancy activities. Could you tell us some example?

Van Luijk - In my inaugural lecture, in 1985, I suggested that companies should attract, next to an internal counsel, auditor and accountant, also an internal ethicist. The idea was publicly ridiculed by top executives in Dutch newspapers. It is no more today, on the contrary. Attention paid to corporate responsibility has grown tremendously in the past seven or eight years, at least in our regions. Resistance, even tough resistance, can be noticed, however, as soon as executives begin to understand that corporate social responsibility is more than 'business as usual plus', or reputation management, but that radical requirements are implied. Here the business ethics consultant has his or her toughest job to perform.

ISBEE - Who has better qualities for Business Ethics consultancy: an executive or an academician? Why?

Van Luijk - An academician, because he/she has the distance needed to be trustworthy, and is trained in the analysis of concepts, arguments and hidden motives.

ISBEE - What would you suggest to professionals going now into Business Ethics consultancy? Would the age help in any sense?

Van Luijk - Make sure you want to be a consultant in *ethics*, or leave the job to management consultants, for you will not do things that they are not doing already. And sure, age helps. Being, at the age of almost 73 myself, I now am in what I call 'my riper working period', and I constantly experience the advantages of seniority and previous practices. Training can be given by well-educated persons in their late twenties and onward, and so probably also assistance in the development of codes. But when it comes to advice to senior management with regard to their basic moral commitments, wait until you feel yourself safe in the consulting job because you have learned that the standard of achievement is not success but sincerity, modesty and demand.

News from the Regions

- **International Conference on *Developing Business Ethics in China* – Shanghai Academy of Social Sciences, May 29-31, 2002.**

Participants of the first International Conference at the SASS – Shanghai Academy of Social Sciences – were welcome by its President, Prof. Yin Jizuo, also Director of the Center for Business Ethics Studies at SASS. On the first day, broader issues were presented, while the second was dedicated to more descriptive perspectives.

Yiting Zhu briefly described the history of Chinese business and economic ethics, which meant a great contribution to foreign participants. Weisen Li raised an important and opportune theoretical question related to rationality and morality: is it rational to be moral? Upon his experience in Japan, Y. Nagayasu brought up a special reference to the East Asian Region, presenting a structure of Business Ethics in advancing economies. On the same direction, Byron Kaldis considered the time for a paradigm shift.

Ethics in Economy was a topic extensively debated. Xiuyi Zhao presented an analysis of the economic motivation and its relevance of Business Ethics. Youzhi Zhu spoke on Ethics in economic development and Zeying Wang went a bit further, pointing out ethical aspects of an ecological economy.

Concerning consumption, welfare state and financial markets, relevant topics for a relatively new market as China, informative papers allowed participants to get a better idea of what Business Ethics effectively mean. Zhongzhi Zhou presented a comparative study on consumption concepts in China and West. K. Matsuoka discussed the economic development and its social costs, stressing in a special way the problems of declining birth rates and aging in the Japanese Welfare State. Peter Koslowski brought a contribution about speculation and insider trading as in issue in Business Ethics.

A high point of the Conference apparently was the concern about honest numbers and corruption. Georges Enderle raised the issue of how easier it is to lose than to restore the confidence in the financial reporting system. Dajian Xu discussed the business corruption in the Chinese Economic Reform, considering its institutional and cultural roots. George Brenkert analyzed the rules, roles and moral disparity, facing the problem of corruption.

Information Technology and Corporate Ethics were topics of relevance, either for the cross-country experiences or for its need and new perspectives. Richard De George focused Business Ethics and globalization in the Information Age. Xincai Bai offered a moral reflection on the high technology's swallowing persons. Zonghao Bao innovated, merging globalization and a humanistic spirit of the Internet. Horst Steinmann offered a Republic view and its practical consequences of Corporate Ethics in Germany. Gedeon J. Rossouw raised a question upon Corporate Governance and Ethics in developing economies: light from the tip of dark Continent? A contribution about Trust came from Lanfen Li, who explained a universal foundation for developing Business Ethics in China. Farong Qiao presented a case study on the Xuji Group Company, concerning the core of Ethics in developing a corporate *joint culture.* As new perspectives for a corportation, Lynn Sharp Paine nalyzed its evolving personality, Urs Baerlocher claimed for a human face related to global citizenship and Hanlong Lu stressed the social significance of donations.

Business Ethics in China: Joanna Lam, Tao Ma and Huizhu Gao presented their view on the foundations for Business Ethics, respectively based on Confucian and morality thoughts, ruling a country by virtue and the contractual ethics. Justice and distribution were also theoretical issues developed by Xiong Zhang and Zhongdao Ren. Integrity and professional ethics were aspects of serious study on economic persons in China's market economy. Prospects of Business Ethics in China were consolidated by Zhenping Hu and Zehuan Chen. A solid integration of five business leaders brought light to the discussion about Ethics in Doing Business in China. (Dr. Cecilia Arruda, based on information from SASS)

- **Comments of Shanghai Conference Participants**

In many ways it was an unforgettable conference. It is the first international conference on business ethics in China, and with so many renowned experts from abroad. It is the first conference on business ethics in China that hold a Round Table Discussion with business leaders who come from different type companies, such as state-owned, private, joint ventures, and multinational company. The conference was beneficial to take long repair short, and make us Chinese participants come in sight of the weaknesses in our study and practice. I think we Chinese should digest this rich experience and believe it will be very helpful to develop business ethics in China. (Dr. Xiaohe Lu – Shanghai Academy of Social Sciences, China*)*

The Conference was very helpful to China's business ethics development! China needs business ethics as much of business corruption as well as social problems have now emerged in this period of transforming the planned into the market economy. The conference attendants from all parts of the world discussed various topics in the field of business ethics, such as business corruption and integrity, corporation ethics, IT and business ethics. We had a really wonderful time. (Prof. Dajian Xu – Head of the Institute of Economic Ethics -SUFE - Shanghai University of Finance and Economics, China)

Instead of reading and listening to long papers, we had ample time for discussions in Chinese and English with simultaneous translation. Mutual understanding takes time. But, I think, we made considerable progress, not the least thanks to Chinese hospitality and excellent Chinese food. The conference book with selected papers to be published in Chinese and English will hopefully help to continue the dialogue on developing business ethics in China. (Dr. Georges Enderle – University of Notre Dame, USA)

Future Conferences

- **Society for Business Ethics -** The annual meeting of the will be held August 8-11, 2002 in Denver, Colorado. Information with Program Co-chair Donna J. Wood (University of Pittsburgh, Katz Graduate School of Business, Pittsburgh, PA 15260 - USA) at e-mail [djwood@katz.pitt.edu] or phone: ++ 1 (412)-648-1547
- **EBEN – European Business Ethics Network -** The 15th Annual EBEN Conference will be part of the European Ethics Summit, which will take place in Brussels on the premises of the European Parliament. It will be held from Thursday morning, the 29th until the late afternoon of Friday the 30th of August 2002. Information: http://www.eben.org/Events/EbenAnnuals/2002/CallPapersBrussels.htm
- **New date: ALENE – Latin American Business Ethics Network –** V Latin American Conference on Business, Economics, and Ethics will take place in Mexico City, Mexico, **November 6-7, 2002**, close to the OECD Conference. The Conference will be hosted by the IPADE - Instituto Panamericano de Alta Dirección de Empresas and has been organized together with the SECODAM - Secretaría de Controladoría y Desarrollo Administrativo de México. Central discussion topic: *Business Ethics as priority in Business Administration.* Papers must be submitted before September 16, 2002. Information: [jhasminoy@uade.edu.ar]
- **BEN-Africa – The Business Ethics Network of Africa** – the Second Annual Convention will be hosted by the Lagos Business School in Lekki Peninsula, Lagos on 28th and 29th November, 2002. Information: http://general.rau.ac.za/ben-africa
- **American Society For Competitiveness Conference -** The Thirteenth Annual Conference on *Competition in a Turbulent World* will be held in the Hilton Alexandria Mark Center, Alexandria-Virginia, USA (Washington, D.C.) on October 10-12, 2002. The Conference will bring together leaders from business, government, and academia to share and discuss ideas, to reflect on experiences and ethical approaches, and to strengthen the spirit of cooperation and collaboration for improved competitiveness.

Institutional Partnership

Affiliation between the Caux RoundTable (CRT) and ISBEE

The Global Governing Board of the Caux Round Table and the ISBEE Executive Committee decided to enter an affiliation between the two organizations. In preliminary conversations since October 2001 we explored mutual benefits and ways of collaboration, based on the common understanding that the competencies of both practitioners and academics are needed in business ethics. Both CRT and ISBEE have worldwide networks of people committed to ethics in business and promoting corporate responsibilities in the process of globalization. On the one hand, ISBEE will help CRT to identify emerging issues and concerns in international business ethics; on the other hand, CRT will share with ISBEE the views of business executives on global challenges and support ISBEE in its international activities. Ken Goodpaster and Bryan Husted of our Executive Committee will represent ISBEE at the CRT Global Dialogue Meeting in early September 2002 in Mexico.
(Georges Enderle)

ISBEE Congress 2004

The Congress will be hosted by the University of Melbourne, Australia, in the period July 15-19, 2004. A number of meetings and discussions have taken place in close and effective cooperation led, mainly on the CAPPE side, by Professor Tom Campbell. A major achievement was the broad involvement by CAPPE of numerous academic institutions and company leaders particularly from Melbourne in order to launch the planning process for the Congress. Now we are in the process of exploring the major topic areas and structuring of the program so that, in August-September, we can issue the worldwide *Call for Papers*.

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